

# MI Downing Monthly Income Fund

July 2017

## Market commentary

In June, the MSCI UK All Cap Total Return Index fell 2.57% while the Fund fell 2.34%. Key contributors to the portfolio throughout the month were Sprue Aegis (up 16.47%), Polar Capital Holdings (up 9.87%) and Caretech Holdings (up 7.79%). Key detractors included Crest Nicholson (down 17.10%) and Conviviality (down 9.94%).

Sprue Aegis, one of Europe's leading developers and suppliers of home safety products, announced a positive start to the year in their June AGM statement. They expect a strong return to profitability in the first half of 2017 and with manufacturing and distribution arrangements progressing well, they believe they are well positioned to deliver a full-year adjusted operating profit in line with market expectations.

Polar Capital released good group results for the period ended 31 March 2017 with assets under management increasing 27% from £7.3 billion to £9.3 billion. The results highlighted that co-founder of the business, Tim Woolley, will be standing down from his CEO role in July, although he will remain with the company as a non-executive member of the board. Gavin Rochussen will join the board as new CEO, bringing his experience as a CEO in asset management and track record in developing an institutional business and building a significant presence in North America.

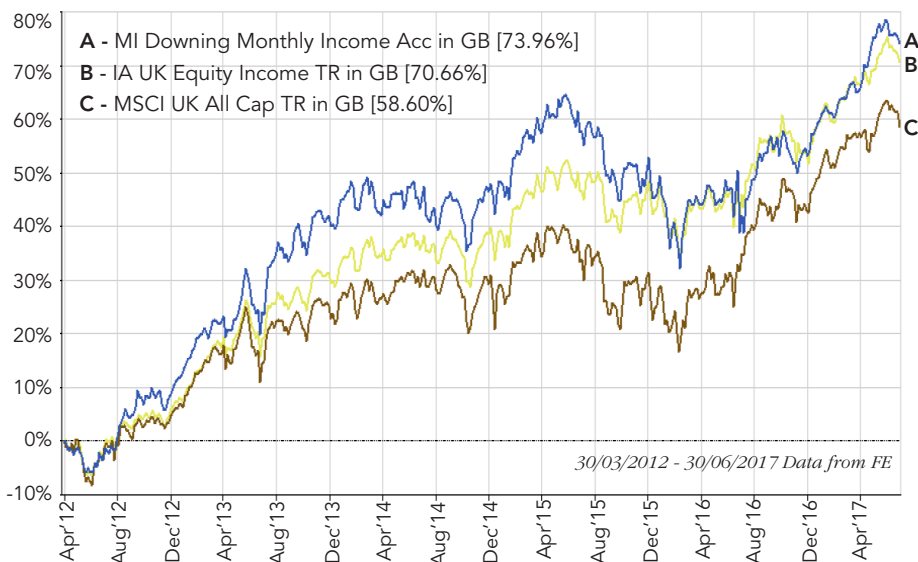
Caretech, a provider of specialist social care services in the UK, announced positive interim results in June for the six months ending 31 March 2017. Highlights included their acquisitions of Beacon Reach (a centre offering residential care and education to children) and Selborne Care (a centre providing support for adults with learning disabilities) after raising £37 million from a share placing in March. Directors believe the group can deliver double-digit growth annually in underlying diluted earnings per share.

Crest Nicholson, a leading residential developer operating in the South of England, was down for the month despite releasing a strong set of results for the six months ended 30 April 2017. We believe this fall in price can be attributed to negative sentiment for UK house builders following the recent election. Our view on the company remains positive given a large portion of their portfolio has low macro-economic exposure and we believe they can deliver on their commitment to build 4,000 homes raising £1.4 billion of sales in 2019.

Conviviality, a leading UK drinks wholesaler and distributor, fell during the month. We believe that this is due to the negative sentiment towards the consumer discretionary sector rather than a change in the fundamentals of the business. We have conviction in the strength of the management team to continue to deliver positive long term results.

All performance figures for securities include net reinvested income where applicable. Source: StatPro & FE Analytics.

## Performance



	Cumulative performance			
	6m	1y	3y	5y
MI Downing Monthly Income Acc	8.57%	24.20%	20.12%	78.30%
IA UK Equity Income TR index	6.78%	19.34%	25.39%	73.97%
MSCI UK All Cap TR index	5.34%	17.76%	22.58%	62.75%
Quartile ranking	1st	1st	4th	2nd

	Discrete performance			
	2016	2015	2014	2013
MI Downing Monthly Income Acc	7.65%	0.84%	1.74%	30.26%
IA UK Equity Income TR index	8.84%	6.20%	3.16%	25.20%
MSCI UK All Cap TR index	17.29%	0.13%	0.44%	20.62%
Quartile ranking	3rd	4th	3rd	1st

## Market Cap Breakdown



19.24%	< £150m
34.37%	£150m - £500m
18.28%	£500m - £1bn
9.38%	£1bn - £2bn
18.73%	£2bn - £4bn
0%	£4bn +

Source: Thompson Reuters

## Top 10 Holdings

	% of Fund
Martin McColl Retail	5.28
Conviviality	4.39
Primary Health Properties	4.17
Caretech Holdings	3.92
Kier Group	3.91
B&M	3.59
Character Group	3.58
Accrol Group Holdings	3.56
Telford Homes	3.42
Anglo Pacific Group	3.40
<b>Total</b>	<b>39.22</b>

Source: Maitland Institutional Services

## Key Facts

### Fund objective

To achieve a high level of income, together with long-term capital growth

### Launch date

14 June 2010

### Conversion date

1 April 2012<sup>1</sup>

### IMA sector

UK Equity Income

### Currency

UK Sterling

### Types of shares

Income & Accumulation

### Yield

4.7%<sup>2</sup>

### Income paid

Monthly

### Number of holdings

40

### Prices as at 30 June 2017

Accumulation shares: 200.04p

Income shares: 142.04p

### Charges

Initial charge 0%  
Annual management charge 0.75%  
Ongoing charges charged to capital 1.00%<sup>3</sup>

### Minimum investment

Lump sum £1,000  
Subsequently £500  
Monthly savings £100

### SEDOL and ISIN numbers

#### Accumulation shares:

SEDOL B61JRG2  
ISIN GB00B61JRG28

#### Income shares:

SEDOL B625QM8  
ISIN GB00B625QM82

### ACD

Maitland act as ACD and manage the administration for the Fund

#### Contact details:

Maitland Institutional Services Ltd  
Springfield Lodge, Colchester Road  
Chelmsford, Essex CM2 5PW

www.maitlandgroup.com

Dealing: 034 5305 4215

### Investment Manager

Downing LLP was appointed Investment Manager to the Fund on 1 June 2015. Following the change of ACD, the Fund name was changed to MI Downing Monthly Income Fund from 31 March 2017.

### Platforms and wraps

AJ Bell Hargreaves Lansdown  
Ascentric Nucleus  
Cofunds Transact  
Fidelity (Inst)

<sup>1</sup>The conversion date refers to the date the investment objective and policy were changed.

<sup>2</sup>The historic yield reflects distributions declared over the previous 12 months net of tax as a percentage of the share price, as at the first business day of the current month. The yield will vary and investors may be subject to tax on their distributions. Fund charges and expenses are charged to capital, effectively increasing the distribution(s) for the year by the amount of the charges and constraining capital performance by the same amount.

<sup>3</sup>Ongoing charges are based on expenses, including annual management charge. This figure may vary. It excludes portfolio transaction costs. The ongoing charges figure based on the last year's expenses as at 31 March 2017 is 1.47%, however, it is currently capped at 1.00%.

## Fund Manager

### James Lynch

James draws on experience gained in managing a top performing micro-cap fund as well as time spent as a private equity and venture capital investor.

## Investment committee

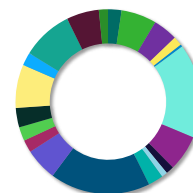
**Stephen Whittaker:** Fund Founder and Consultant

**John Bearman:** Independent Chairman

**Peter Ashworth:** Independent Member

**Judith MacKenzie:** Non-Independent Member

## Sector Breakdown



2.37%	Banks
6.19%	Construction and building materials
4.28%	Electronics and electrical equipment
2.23%	Financials
0.39%	Food producers and processors
16.51%	General retailers
6.30%	Housing goods and textiles
1.40%	Industrials
1.02%	Information technology
2.63%	Insurance
17.53%	Investment companies
5.67%	Leisure, entertainment and hotels
2.19%	Loans
2.43%	Media and photography
3.40%	Mining
7.59%	Real estate
2.30%	Software and computer services
8.93%	Speciality and other finance
5.68%	Support services
1.59%	Telecommunications services

Source: Maitland Institutional Services

## Income Distribution

Period to	Income
29/07/2016	0.4012p
31/08/2016	0.5296p
30/09/2016	0.5432p
31/10/2016	0.6115p
30/11/2016	0.5120p
31/12/2016	0.4449p
31/01/2017	0.5061p
28/02/2017	0.6056p
31/03/2017	0.9030p
30/04/2017	0.5619p
31/05/2017	0.4359p
30/06/2017	0.6131p

Source: Maitland Institutional Services

**Statistics correct as at 30/06/2017.** Performance figures source: FE. Fund performance is based on accumulation shares, indices include net reinvested income. Performance figures are for the period from when the investment objective and policy were changed on 1 April 2012, so that the fund was primarily invested in equities. Past performance is not a guide to future returns. The value of the fund and the income from it may go down as well as up, so you may not get back the amount you invested. The tax treatment of the Fund may change and such changes cannot be foreseen. All references to FE Crown rankings are sourced from Trustnet via www.trustnet.com. All ratings are for the three-year period ended 31/01/2017.

### Important notice

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